

## **CALIFORNIA ECONOMIC STRATEGY PANEL**

### **AGENDA**

December 2, 2002  
9:30 A.M. – 12:30 P.M.

California Chamber of Commerce  
1215 K Street, 14<sup>th</sup> Floor  
Sacramento, CA 95812-1736  
(916) 444-6670

9:30 Welcome

Doug Gordon, Vice President  
California Foundation for Commerce and Education

9:35 Introduction and Purpose

Lon S. Hatamiya, Chair and Secretary  
California Technology, Trade and Commerce Agency

9:40 Monitoring the Performance of the California Economy

Jim King, President  
JK, Inc.

Jeanette Miller, Research Program Specialist  
Labor Market Information Division/Employment Development Department

Ed Champlain, Research Program Specialist  
Labor Market Information Division/Employment Development Department

10:15 Discussion of a 1/1/03 – 12/31/04 Workplan Framework for the California  
Economic Strategy Panel and Next Steps

12:15 Public Comments

12:30 Adjourn

## **CALIFORNIA ECONOMIC STRATEGY PANEL**

### **SUMMARY OF THE DECEMBER 2, 2002 MEETING**

#### **BACKGROUND**

The following provides a summary of the California Economic Strategy Panel meeting held on December 2, 2002. The primary purpose of the meeting was to review 1) a regional industry employment model using Employment Development Department Covered Employment and Wages data (ES 202 data) for the Panel to use to analyze the performance and changes of the California economy; and, 2) the draft workplan framework for 2003- 2004.

#### **SUMMARY OF RECOMMENDATIONS**

The members of the Panel made the following recommendations.

- Jerold Neuman made a motion for the Panel to adopt the regional industry employment model. Sunne Wright McPeak seconded the motion and the Panel passed the motion unanimously.

Staff was directed to 1) consider additional applications such as employee movement, inter-regional gains and losses, sole proprietors and demographics; 2) consider the value of quarterly versus annual reporting periods; 3) get input from other users and customers; and, 4) report back within six months.

- Staff was directed to re-draft the Workplan that states the urgency for direct and bold actions and incorporate recommendations by the Panel members.

#### **SUMMARY OF THE MEETING**

##### **Monitoring the Performance of the California Economy**

- A regional industry employment model analyzing the Bay Area Economic Region was presented to the Panel members.
- The model provides timely, data based information on employment growth and decline by industry statewide and in each of the Panel's nine economic regions.
- The model provides detailed information on high demand occupations by industry and industry trends in employment growth and concentrations.

- The Panel members unanimously voted in favor of adopting the model and directed staff to refine the analytical tool, including additional input from other users, and report back within six months.

#### Discussion of the Workplan Framework for the California Economic Strategy Panel and Next Steps

- The workplan needs to have an initial findings statement.
- The urgency to advocate and be accountable for investments that impact the economy needs to be made.
- No one is measuring economic performance statewide, by regions, by industry sectors, by industry clusters to anticipate the future.
- The workplan needs to be bold with direct actions.
- The workplan needs to be bold and accountable by offering solutions (not problems or blame).
- The workplan needs to address three principles of equity, diversity and sustainability in its actions.
- The Panel can play a new role as convener for the Governor regarding economic issues by regions and industry clusters.
- Staff was directed to re-draft the Workplan to capture the discussion during the Panel meeting.

# **CALIFORNIA ECONOMIC STRATEGY PANEL**

## **WORKPLAN FRAMEWORK FOR**

**1/01/03 – 12/31/04**

### **BACKGROUND**

The current members of the California Economic Strategy Panel convened its first meeting on April 11, 2002. Recognizing that the biennial planning cycle requires the Panel to complete a report by December 31, 2002 the members agreed to produce a workplan for the next biennial period from January 1, 2003 through December 31, 2004.

The meeting on April 11, 2002 identified four major themes that would provide the basis for further discussion and analyses. The major themes were:

- Understanding the Changing California Economy (i.e. identify and analyze current industry clusters and regional economic development; analyze the impact of globalization, especially the changing nature of supply chains; analyze uneven regional growth, especially the needs of rural economies and disadvantaged urban communities, and how they relate to larger economic regions; and, examine the next regional economies of California driven by new waves of innovation such as bio/life sciences, nano, telecommunications and new energy technologies);
- Connecting Emerging Job Trends and Occupational Demands to Workforce Training (i.e. monitor changing regional economies on a regular basis to report job trends and occupational demands; analyze demographic trends, especially diversity and their impact on regional economies and demands of leading industry clusters; and, connect economic strategy with workforce development strategy on a continuous basis);
- Adapting Infrastructure to the Changing Economy (i.e. analyze how the changing economy creates different infrastructure requirements by industry clusters and across regions; analyze how regulatory policies impact infrastructure development such as telecommunications; and, identify innovative ways to invest in infrastructure such as more efficient materials, construction processes and transportation systems); and,
- Matching Regional Governance with the “Next Economies” (i.e. analyze how the new economic realities require examining alternative regional governance models; examine ways to better connect regional economic development efforts with inter-regional partnerships; and, identify ways to better align regional needs with state resources and policies).

On May 23, 2002 the California Economic Strategy Panel convened to discuss with economists, experts in infrastructure investments and development, and professionals in regional economic and workforce development the most critical issues and demands for economic growth and competitiveness and what could be the role of the Panel. The following roles and responsibilities surfaced during the discussion:

- Economic Analyses (i.e. identify the drivers of regional economies and job growth; identify and examine opportunities and constraints of leading and emerging industries; and, identify distinct needs of and opportunities for rural and remote economic regions);
- Issues Identification (i.e. identify policy issues important for the success of the California economy over the longer term, incorporating broader competitiveness requirements including quality of life and equity considerations; and, identify public sector investment priorities, especially in the context of holistic planning); and,
- Policy Recommendations and Collaboration (i.e. serve as a “vortex” for California’s economic future by bringing leading thinkers and professionals together to the table, and helping Californians understand critical prosperity issues and investment needs; provide economic policy leadership across state agencies; develop strategies towards realigning state policies, systems, resources and programs; clarify partnership roles and help link system partners; and, connect regional economies and industry cluster relationships across regions, and communities within regions).

The Panel members divided into groups to work with Technical Advisors for in-depth analyses in the following four policy areas:

- Infrastructure Policy Committee (Senator Bruce McPherson, Jerold Neuman, Lee Pearson, Vincent Chong and Ricky Laster);
- Economic Data and Information Policy Committee (Donald Fowler and Bill Simmons);
- Workforce Development and Education Policy Committee (Senator John Vasconcellos, Bill Simmons, Donald Fowler and Amy Dean); and,
- Governance and Regionalism Policy Committee (Sunne Wright McPeak and Araceli Ruano).

A summary review of statewide and regional policy reports published in the past 3-4 years regarding the above four policy areas was completed in a matrix format by Technical Advisors and served as a basis for discussion during committee meetings held in August and September, 2002.

On October 10, 2002 reports summarizing discussions and recommendations from each of the policy committees was presented and discussed by the full Panel. The following provides a workplan framework and proposed activities primarily based on policy committee recommendations and summary of the October 10, 2002 California Economic Strategy Panel meeting.

## **WORKPLAN FRAMEWORK**

The principal role of the California Economic Strategy Panel is to provide:

- **Leadership**

The Panel is the catalyst for connecting regional innovation and economic demands and framing state-level policies and investments through a bottom-up governance process and collaboration.

- **Vision**

The Panel monitors and interprets the performance of the economy in order to continuously articulate the next California economy and be the catalyst to achieve that vision.

- **Strategy**

The Panel performs on the four cornerstones of 1) “real time” economic data and information; 2) better workforce connections focused on regional industrial clusters; 3) infrastructure investments linked to the next economy; and, 4) a robust state/regional economic leadership network that includes the local Collaborative Regional Initiatives, Workforce Investment Boards, Economic Development Corporations and other groups.

## **WORKPLAN STRATEGIES**

- **“Real Time” Economic Data and Information**

Approve a strategic alliance with the California Workforce Investment Board (CWIB) and the California Employment Development Department (EDD) to 1) continuously examine the economic base and employment patterns of the Panel’s nine economic regions and publish annual *Regional Economic Base Reports*; and, 2) continuously examine industry clusters and cross-regional economic and labor issues resulting in policy recommendations and publish semi-annual *Industry Cluster and Cross-Regional Economic and Labor Studies* under an Interagency Agreement and Memorandum of Understanding between the California Technology, Trade and Commerce Agency and the CWIB and EDD, respectively.

Continuously monitor the performance of the economy and measure state investment priorities that leads towards efficiency, equity and sustainable use of land and resources.

- Better Workforce Connections Focused on Regional Industrial Clusters

(Approval of a strategic alliance with the California Workforce Investment Board and the California Employment Development Department will accomplish this.)

Serve as leader/convenor by bringing business/industry, labor, education and training leaders and other regional convenor groups together to discuss economic data and information including how the regional economy is changing, occupational mix and wage rates within various industry sectors and educational and skill-set requirements.

- Infrastructure Investments Linked to the Next Economy

Develop policy recommendations for the investment of new state bonds for housing, transportation and water in ways that achieve economic, environmental and equity payoffs and more sustainable use of land and resources to support regional economic prosperity.

Lead State government to 1) use available resources in a coordinated and targeted manner to invest in infrastructure that has maximum economic benefit (not invest in infrastructure for the sake of infrastructure); 2) find better investment models such as the Alameda Corridor model for public/private investments and better utilization of assets owned by State government (begin with an inventory of state assets related to infrastructure); and, 3) get beyond localism for infrastructure of statewide significance and demands especially regarding telecommunications/information, intermodal goods movement and water transfer systems and housing.

Convene key decision-makers to 1) identify new sources of funds and new financing methods; 2) develop a planning driven method versus a project-based or pork barrel approach; and, 3) develop a return-on-investment accountability method, for infrastructure investment.

“Tell the story,” schedule speaking circuits and participate in meetings to 1) voice the critical symbiotic relationship between infrastructure and economic growth and competitiveness; 2) what the universe of infrastructure is; 3) identify elements that are the most critical statewide, regionally and locally, short-term and long-term such as the economic impact of lack of housing on productivity and higher costs; and, 4) further the recommendations in *Invest for California: Strategic Planning for California’s Future Prosperity and Quality of Life* by the Governor’s Commission on Building for the 21<sup>st</sup> Century.

- Robust State and Regional Leadership Network

Create or lead the California Economic Leadership Network that 1) supports regional collaboration through “bottom-up,” statewide public/private partnerships; 2) connects regional innovation to state resources; 3) documents new economic realities that different industry clusters/workers are emerging in each region and groups in regions are collaborating around distinct strategies to support their unique industry cluster opportunities; and, 4) drafts strategies to align state resources and infrastructure with regional industry cluster demands.

Conduct regional forums with groups such as local Collaborative Regional Initiatives, Workforce Investment Boards and Economic Development Corporations to discuss findings from the economic base analyses and how the regional economy is changing.